

**USAID Sri Lanka
Economic Growth Office**

Project Title: Private Enterprise and Competitiveness Expansion Project (PEACE)

Concept Note

The USAID/Sri Lanka Mission seeks feedback on the proposed approach as input to an upcoming Request for Proposals to implement the PEACE project.

USAID/Sri Lanka intends to launch a new Economic Growth strategy beginning in (February) FY08. The centerpiece of the new strategy will be the Private Enterprise and Competitiveness Expansion (PEACE) Project. Building on the Mission's successful The Competitiveness Project (TCP), PEACE seeks to address Sri Lanka's economic growth issues through the lens of the deteriorating conflict environment in the country. While recognizing that the solution to Sri Lanka's conflict lies clearly in the political realm, USAID believes that economic growth programming can contribute to building social and economic security to help establish conditions conducive to a political solution.

Recent assessments (see attached "USAID/Sri Lanka: Economic Growth and Conflict Assessment") conclude that inequitable distribution of economic development benefits have helped fuel the current conflict. To address these disparities and make a positive contribution to creating space for a political solution, the PEACE project will seek to expand economic activity in and around the conflicted areas in Sri Lanka's North and East, and in the poorest district in the country on the border of conflict areas, Moneragala.

The Mission envisions building on its long experience and comparative advantage by continuing our economic growth focus on private sector competitiveness, workforce development, economic revitalization via microenterprise, and financial sector services such as credit guarantees utilizing USAID's Development Credit Authority. The PEACE project will concentrate its activities in the following areas:

1. Sector Value Chain

Interventions would include: technical assistance for agri-business projects such as regional market development, new product (niche markets in conflict areas) identification and post-harvest food storage; capacity building in Chambers' business development services; and, working through businesses that have a physical presence in conflict areas to increase supplies of products needed in order to improve business development – specifically targeting the businesses supported by the overall program. This element would build business understanding of the challenges of the conflict and leadership for peace activities, while also extending agricultural extension services to

geographic areas where the Government of Sri Lanka used to be present (but has halted since the conflict).

2. Workforce Development

Interventions would include: English language training for employability as a “lingua franca bridge” between cultures and groups (i.e., providing a common platform by which the Tamil and Sinhala speakers can communicate); build teacher training capacity; model computer based learning; provide English language instructional materials; leverage resources (centers, partnerships, techniques) to help communities use IT to support business Development; place youth in service-learning projects assisting small businesses. The target population, unemployed 15-25 year olds, is most at risk of becoming involved in conflict.

3. Microenterprise Business Development services

Interventions would include: micro-enterprise training and assistance to displaced and otherwise vulnerable populations.

4. Credit Guarantees

Interventions would include: technical assistance (TA) and loan guarantees to micro lending institutions specifically for lending to microenterprises that will receive TA under the PEACE program. This includes, but is not limited to: Development Credit Authority (DCA) financing for agricultural/fisheries production and processing equipment and renewable energy.

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Specific Question to all Interested Parties.

What existing USAID or GSA Blanket Purchase Agreement (BPA) or Indefinite Quantities Contracts (IQC) or other acquisition mechanisms may be appropriate for implementing this type of requirement?